

EXHIBIT 62

Puerto Rico

Vázquez Proposes Constitutional Referendum in November to Prioritize Pension Payments; Measure One of Several Bills to Be Considered During Special Session

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Relevant Document: [Press Release](#)

In a press conference today, Gov. Wanda Vázquez announced she is convoking a special session of the legislature to consider a proposed constitutional amendment that would provide the same payment priority to public pensions as afforded to commonwealth public debt payments and a bill that would place limits on future public debt issuances and restrictions on the use of its proceeds.

During the special session, lawmakers will also consider several healthcare measures and proposals to provide a loan of up to \$185 million to the Municipal Revenues Collection Center, CRIM, and to provide \$536 million for an emergency reserve, the governor said. Many of the measures originated in either the House or Senate and [were left pending](#) at the close of regular session on June 30. Because 2020 is an election year, there is only one regular session of the legislation. Vázquez said the special session would begin Tuesday, July 21, at 1 p.m. ET.

Discussing the proposed constitutional amendment, the governor said the proposal aims to provide the same priority to pension payments that public debt payments now have under the Puerto Rico Constitution. She said that this would ensure that Puerto Rico's public debt and pension payments take priority over all other obligations.

Asked if she had consulted the PROMESA oversight board regarding the proposal, the governor said that it is the "people of Puerto Rico who have to vote in relation to the protection of this right of the pensioners to supremacy of these payments. ... This will constitutionally guarantee that what happened to pensioners will never happen again - that the money they contributed from their salaries for more than 30 years is used to pay for bad administration."

The governor said that her administration would identify the funds to cover the costs of a constitutional referendum and said there was nothing more important than guaranteeing the pensions of government retirees. Vázquez said the measure is not a gift but rather an act of "social justice" and that the public would have in its hands the question of whether public sector retirees should have "the greatest legal protection possible."

"This would represent a profound change in the existing order, because presently pension payments are subordinated and only proceed after debt and interest payments, legal commitments through current contracts and forced expropriations through court sentences, among other obligations," the governor said.

For the constitutional referendum to be held, legislation authorizing the vote requires three-fourths approval by the legislature, meaning minority lawmakers also must approve holding the referendum. Up to three constitutional amendments can be made per referendum. Puerto Rico Senate President Thomas Rivera Schatz and Puerto Rico House Speaker Carlos "Johnny" Méndez also expressed support for the measure during the press conference.

Asked about the supremacy of the PROMESA law and the fact that GO bondholders have not been paid in four years despite the constitutional priority that their bonds enjoy, Vázquez said it is important to make the change because creditors continue to argue in court that the constitutional language gives the debt they hold priority over commonwealth pension obligations. Rivera Schatz said it is important for the government to grant this constitutional priority on pension payments to change

the argument that “you have to pay the creditors and forget about everything else.”

The Vázquez administration has [withheld support](#) of the amended commonwealth plan support agreement over a proposed average 8% cut to pension benefits. Proceedings on the amended PSA are [on hold](#), as the oversight board and other parties aim to gauge the impact of the Covid-19 pandemic on Puerto Rico's economy and finances. Oversight board Chairman Jose Carrión [in March said](#) that given the impact of the pandemic, he is no longer personally inclined to consider pension cuts given the impact of Covid-19, but the oversight board continues to press for pension reforms in areas of the commonwealth government that have not ended defined benefit pension plans and converted them into defined benefit plans. These include pension systems for island public school teachers and judiciary employees.

The constitutional amendment proposal comes after lawmakers had considered additional pension legislation during the regular session that was also left pending. The measures include [House Bill 2434](#), which would consolidate all public pension systems under a new entity, reinstate and preserve retirement benefits as defined benefit plans not subject to any reduction or freeze, and dictate the terms of a commonwealth plan of adjustment. Another pension measure that stalled, [House Bill 2572](#), would maintain the University of Puerto Rico's retirement system as a defined benefit plan, permanently establish specific pension benefits and replace the retirement system's current governance structure with a new one where the UPR retirement board would replace the UPR governing board and become the trustee of the plan.

Lawmakers did approve [Senate Bill 1616](#), which creates incentives for public employees to retire before reaching their retirement age and imposes restrictions on the ability of agencies to replace public employees who accept early retirement. Vázquez said today that she would decide whether or not to sign the bill after a full analysis on it is conducted. The oversight board said in a [June 23 letter](#) the bill “appears to be significantly inconsistent” with the fiscal plan, noting that the commonwealth has offered public employees over 20 early retirement windows since 1994 that “have hampered the government's ability to execute,” adding that “many of these programs failed to realize significant savings.”

The special session will also take up legislation creating a [new debt management policy](#) that the governor said would ensure that future debt issuances would be used only to build infrastructure and capital works and would not be used to cover operational expenses, adding that this was one of the causes of Puerto Rico's current fiscal challenges.

The governor said the healthcare measures that will be considered are aimed at protecting patients and the elderly. These include initiatives to change health insurance regulations to ensure that medical criteria take precedence over insurer recommendations regarding medical treatment and that insurers comply with prompt payment provisions in existing law. Related measures are aimed at stopping what the governor characterized as a problem with "surprise bills" that patients receive after receiving medical treatment.

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